# sick leave insurance program (SLIP)

> The Sick Leave Insurance Program offers retiring employees a "Medicare Bridge" option for using a portion of their unused sick leave bank to pay the employer share of their monthly state group health insurance premiums between the time they retire from state government and become eligible for Medicare (typically age 65). Employees may sign up any time <u>before</u> retirement.

## WHO IS ELIGIBLE?

AFSCME-covered employees, IUP-covered employees, and non-contract employees (pending passage of legislation) who take a bona fide retirement (drawing monthly state pension benefits) from state government, and if the value of their sick leave bank is greater than $2,000 plus the cost of at least one month of the employer share of their health insurance premium. Employees must be employed at least through July 1, 2006. This program does not include elected officials, Judicial and Legislative branch employees, community-based corrections employees or SPOC employees, who have similar programs.

## HOW DOES THIS WORK?

The value of the sick leave bank will be calculated as follows:

1. Identify the total number of hours of unused sick leave balance on the last day of work.
2. Determine the conversion rate by using the chart below:

| If the sick leave balance is: | The conversion rate is: | Accrual Rate (AFSCME, IUP Science, Non-contract): | Accrual Rate (IUP Social Services): |
|---|---|---|---|
| Zero (0) to 750 hours | 60% of value | 18 days per year | 12 days per year |
| Over 750 hrs to 1,500 hrs | 80% of value | 12 days per year | 9 days per year |
| Over 1,500 hours | 100% of value | 6 days per year | 6 days per year |

3. Multiply the unused sick leave balance times the regular (not base) hourly pay at the time of retirement to get the initial sick leave balance value.
4. Employees are paid up to $2,000 in unused sick leave with the employee's final payroll warrant upon retirement. Subtract the $2,000 sick leave payout from the initial sick leave balance value. (If the balance value is less than $2,000 the employee is not eligible for SLIP.)
5. Multiply the remaining amount times the conversion rate determined in Step #2 above. The result is the final sick leave account balance.

The final calculated dollar value will be credited to the employee's SLIP account. Each month, the employing department will pay the employ<u>er</u> share of the selected insurance premium from the employee's SLIP account. The employee is responsible for any additional premiums associated with the employ<u>ee</u> share. The value of this benefit is **not** subject to federal and state income taxes.

## PROGRAM SCHEDULE & DURATION

This program begins July 1, 2006. It is based on the AFSCME and IUP collective bargaining agreements effective for 2005-2007 and on pending legislation extending benefits to non-contract employees, which is expected to pass during the '06 legislative session. The SLIP will be effective at least until the end of those negotiated agreements (currently June 30, 2007).

**Once an employee enrolls in SLIP they remain eligible until one of the following:** their sick leave fund has been depleted; they become eligible for Medicare; they return to permanent state employment; they cease participation in the state's group insurance plan; or they die (benefits in this program are not transferable).

## FOR MORE INFORMATION

Visit the SLIP website for additional information about benefits and procedures:
http://das.hre.iowa.gov/slip.htm or contact your Department's Personnel Assistant.

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